

**Marengo City Council
Regular Meeting Minutes**
Marengo Council Chambers
132 E. Prairie Street
Marengo, IL 60152
March 14, 2011

CALL TO ORDER

Mayor Donald B. Lockhart called the March 14, 2011 Regular Meeting of the City Council to order at 7:04 pm.

PLEDGE OF ALLEGIANCE

Mayor Lockhart led everyone present in the Pledge of Allegiance.

ROLL CALL

Present for this meeting were Mayor Donald Lockhart, Aldermen: Carole Bartman, Corey Brackmann, Eric DeBoer, Mike Secor, Pat Signore, Todd Hall, and Steve DiMaria. Also present were City Administrator Deborah Nier, City Attorney Carlos Arevalo, Deputy Chief Joseph Hallman, Superintendent of Public Works Jim Craney, Building Commissioner Jayson Shull, Assistant to the City Administrator Joshua Blakemore and EDC Coordinator, Timothy Neubeck Jr. Absent this evening was Alderman Michael Smith.

PUBLIC HEARING

- a. **Petition for Amendment to Annexation Agreement – Seven Oaks – GMT Holdings**
- b. **Petition for Annexation Agreement – Pleasant Grove Estates – GMT Holdings**

(Alderman Michael Smith entered the meeting at 7:05 pm)

Alderman Mike Secor made a motion, seconded by Alderman Todd Hall, to open the Public Hearing. The motion passed with an aye vote by Aldermen: Hall, DeBoer, Smith, Brackmann, DiMaria, Signore, Secor and Bartman. (Time 7:06 PM)

(Public Hearing Minutes are printed separately from the Regular Meeting Minutes)

The Public Hearing officially ended at 8:07 PM.

PUBLIC PARTICIPATION

None.

APPROVAL OF MINUTES

- a. **February 14, 2011 Regular Meeting Minutes**

Alderman Todd Hall made a motion, seconded by Alderman Mike Secor, to approve the Regular Meeting Minutes of the February 14, 2011 meeting. The motion passed with an aye vote by Aldermen: Bartman, Smith, Brackmann, DiMaria, DeBoer, Signore, Hall and Secor.

- b. **February 28, 2011 Regular Meeting Minutes**

Alderman Todd Hall requested that a correction be made to the minutes on page 1 under list of bills. The sentence should read: "and will be paid for by the Harris Bank credit card."

Alderman Mike Secor made a motion, seconded by Alderman Todd Hall, to approve the minutes of the February 28, 2011 Regular Meeting Minutes with the correction noted above. The motion passed with

an aye vote by Aldermen: Secor, Hall, DiMaria, Bartman, DeBoer and Smith. Alderman Pat Signore and Corey Brackmann abstained.

c. February 28, 2011 TIF Public Hearing Minutes (Downtown)

Alderman Carole Bartman made a motion, seconded by Alderman Todd Hall, to approve the minutes of the February 28, 2011 TIF Public Hearing Minutes. The motion passed with an aye vote by Aldermen: Smith, DiMaria, Bartman, Hall, Secor and DeBoer. Aldermen Corey Brackmann and Pat Signore abstained.

d. February 28, 2011 TIF Public Hearing Minutes (Eastern Corridor)

Alderman Todd Hall noted a typographical error on page 1 – it should read colleague – not college.

Alderman Michael Smith made a motion, seconded by Alderman Todd Hall, to approve the February 28, 2011 TIF Public Hearing Minutes (Eastern Corridor) with the correction noted above. The motion passed with an aye vote by Aldermen: Hall, DeBoer, DiMaria, Smith, Secor and Bartman. Alderman Corey Brackmann and Pat Signore abstained.

CONSENT AGENDA

a. List of bills

Alderman Mike Secor made a motion, seconded by Alderman Michael Smith, to approve the bills presented. The motion passed with an aye vote by Aldermen: DiMaria, Signore, Secor, Bartman, DeBoer, Brackmann, Hall, and Smith.

b. Ordinance Declaring Certain Municipal Property as Surplus

c. Resolution Authorizing the Use of Motor Fuel Tax Dollars for Meyer Road Improvements

d. Spring Fling Request

Alderman Michael Smith made a motion, seconded by Alderman Todd Hall; to approve the consent agenda items b, c and d. The motion passed with an aye vote by Aldermen: Secor, DeBoer, DiMaria, Brackmann, Smith, Bartman, Signore and Hall.

NEW BUSINESS

a. Authorization to allow George Roach & Associates to Conduct FY 2010/2011 Audit.

Alderman Steve DiMaria made a motion, seconded by Alderman Todd Hall, to approve the authorization to allow George Roach & Associates to conduct FY 2010/2011 Audit. The motion passed with an aye vote by Aldermen: DeBoer, Bartman, Hall, Smith, Secor, Brackmann, DiMaria and Signore.

(Alderman Pat Signore excused himself from the meeting, for purposes of the TIF discussions and votes, as he would have a conflict of interest)

Mayor Donald Lockhart read a statement on the items being addressed below. The statement is attached.

b. An Ordinance Approving a Redevelopment Plan and Project for the Downtown Redevelopment Project Area in the City of Marengo, Illinois.

Alderman Steve DiMaria made a motion, seconded by Alderman Mike Secor, for an Ordinance Approving a Redevelopment Plan and Project for the Downtown Redevelopment Project Area in the City of Marengo, Illinois. The motion passed with an aye vote by Aldermen: Smith, Bartman, Hall, Brackmann, DiMaria, DeBoer, and Secor.

c. **An Ordinance Designating the Downtown Redevelopment Project Area for the City of Marengo, Illinois.**

Alderman Steve DiMaria made a motion, seconded by Alderman Mike Secor, to approve an Ordinance Designating the Downtown Redevelopment Project Area for the City of Marengo. The motion passed with an aye vote by Aldermen: Brackmann, Bartman, Hall, DiMaria, Secor, Smith, and Secor.

d. **An Ordinance Adopting Tax Increment Allocation Financing Within the City of Marengo Downtown Redevelopment Project Area**

Alderman Steve DiMaria made a motion, seconded by Alderman Michael Smith, to approve an Ordinance Adopting Tax Increment Allocation Financing within the City of Marengo Downtown Redevelopment Project Area. The motion passed with an aye vote by Aldermen: Brackmann, Bartman, Secor, Smith, DiMaria, Hall and DeBoer.

e. **An Ordinance Approving a Redevelopment Plan and Project for the Eastern Corridor Redevelopment Project Area in the City of Marengo, Illinois**

Alderman Steve DiMaria made a motion, seconded by Alderman Corey Brackmann, for an Ordinance Approving a Redevelopment Plan and Project for the Eastern Corridor Redevelopment Project Area in the City of Marengo, Illinois. The motion passed with an aye vote by Aldermen: Brackmann, Bartman, Hall, DeBoer, Secor, Smith and DiMaria.

f. **An Ordinance Designating the Eastern Corridor Redevelopment Project Area for the City of Marengo, Illinois.**

Alderman Michael Smith made a motion, seconded by Alderman Mike Secor, approving an Ordinance Designating the Eastern Corridor Redevelopment Project Area for the City of Marengo, Illinois. The motion passed with an aye vote by Aldermen: Bartman, Brackmann, Secor, DeBoer, Hall, Smith and DiMaria.

g. **An Ordinance Adopting Tax Increment Allocation Financing Within the City of Marengo Eastern Corridor Redevelopment Project Area.**

Alderman Carole Bartman made a motion, seconded by Alderman Todd Hall, to approve an Ordinance Adopting Tax Allocation Financing within the City of Marengo Eastern Corridor Redevelopment Project Area. The motion passed with an aye vote by Aldermen: Smith, DiMaria, Hall, Bartman, Secor, Brackmann and DeBoer.

(Alderman Pat Signore returned to the meeting at 8:34 pm)

h. **Budget & Finance Report**

Deborah Nier, City Administrator, stated that the first draft of the new budget would be examined at a Committee of the Whole meeting on the 23rd of March.

OLD BUSINESS

None.

MAYOR'S STATEMENTS AND REPORTS

Nothing further.

DEPARTMENT HEAD AND STAFF REPORTS

Jayson Shull, Building Commissioner. Thanked the Council for their moving forward with the TIF's and he is looking forward to working with the continued progress of the City. Maryanne and he were in Bloomington last week for further education on flood planes. With the warm weather, starting to see some activity with homeowners for decks and pools and such. Alderman Smith noted that there are signs being placed on poles downtown, and requested that they be removed. Jayson will take care of them.

Jim Craney, Superintendent of Public Works. Everything has been passed with IDOT for Riley Drive and street construction. The proposals will be opened March 24th. The aerators are in at the wastewater plant. The VFD unit was installed, and the total cost came back considerably less - \$7,995 installed.

Joshua Blakemore, Assistant to the City Administrator. No report.

Deputy Chief Joseph Hallman. Reports have been given to each Alderman. Progressing well with the equipment, of which they have received some already from Radicom. Alderman Pat Signore asked if May 1st would be the start date for all the entities? Deputy Chief Hallman replied that was correct.

Deborah Nier, City Administrator. This afternoon, the City received a letter from the Department of Planning and Development, and it advised the status on the income survey. Unfortunately the City did not reach the 80% that was required through HUD. Reached 65% - short about 3 surveys. They will continue to keep in touch with the DPD, and once the census income information from 2010 is certified, they will check and see if that information would allow the City to become eligible. There is a senate bill that is going out to committee, requiring prompt payment of taxes, and Deborah requested direction from the Council to write a letter to the legislatures urging support of this bill to try and avoid some of the problems that occurred this past year. The first of the budget meetings was last week and the process has been started. They are using a new format. A copy of the preliminary budget will be given to the Aldermen for review this week. There will be a Committee of the Whole meeting next week on the 23rd of March.

Carlos Arevalo, City Attorney. No report.

EXECUTIVE SESSION.

Mayor Lockhart stated that the City Council would be going into Executive Session for the purpose of Personnel.

Alderman Pat Signore made a motion, seconded by Alderman Michael Smith, to go into Executive Session for the purpose of personnel. The motion passed with an aye vote by Aldermen: Smith, Bartman, Hall, Brackmann, DiMaria, DeBoer, Signore and Secor.

The Regular Session recessed at 8:45 PM.

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The Meeting reconvened from Executive Session at 9:57 PM.

**ADJOURNMENT.**

There was no further business to come before the City Council this evening.

Alderman Todd Hall made a motion, seconded by Alderman Michael Smith, to adjourn the meeting. The motion passed with a voice vote.

Meeting adjourned at 9:57 PM.

Respectfully submitted,

*Constance J. Boxleitner*  
City Clerk

# MAYOR'S STATEMENT

Over the last several months we have heard a great deal about TIF's in the City of Marengo. This has caused confusion among some of our citizens. All that aside, here is what I know about the City of Marengo and the TIFs the City is looking to implement:

- The Downtown TIF is qualified as a "Conservation Area". By law, this requires 3 of 13 criteria be met in order to be eligible for TIF – the Downtown TIF meets 7 of the 13 criteria
- The Eastern Corridor TIF is qualified as a "Blighted and Conservation Area" and required different sets of criteria to be met – for land with buildings, 5 of 13 criteria must be met, this area meets 8, for vacant land 2 of 6 criteria must be met, this area meets 4 of those 6
- The Downtown TIF is approximately 52 acres – the 2009 EAV of these properties was \$8,979,320 – the total taxes paid by these properties that year was \$640,742 – each taxing body will continue to receive their share of that tax amount. This area represents 2.09% of the school districts total EAV according the school district documents
- The Eastern Corridor TIF is approximately 33 acres – the 2009 EAV of these properties was \$1,606,854 – the total taxes paid by these properties was \$113,404 – again each taxing body will continue to receive their share of that amount. This area amounts to .36% of the school districts total EAV according the to school district documents.
- This means that the City is looking to place a grand total of 2.45% of the school districts EAV within a TIF district. Now I know that times are tough and each and EVERY taxing body had to tighten their belt over the last few years. But keep in mind, each district will continue to get every cent in tax dollars that they get today once the TIF is established. With 2.45% of the total EAV within a TIF, that means that 97.55% of the school district real estate tax revenue will continue to increase at a normal rate. Let me say that again, over 97% of the school districts EAV will continue to increase at its normal rate with the school district getting every dollar they would otherwise receive.
- Here are some other things I have heard about TIFs – TIFs can annex property without consulting the school district – this is not true. The fact is that the City can annex land into the City of Marengo without consulting the school district, however land CANNOT be added to a TIF district without going through the TIF implementation process which would include the school districts review. Furthermore, the City has also committed to not pursue any new TIF districts on land currently within the City for the duration of the two new TIFs and the one existing TIF.
- A TIF lasts 23 years but can be extended to 35 without input or agreement from the taxing bodies – again, this is not entirely true – to extend a TIF beyond 23 years the City would have to go through a very similar process that we are going through now which would of course involve the input of all local taxing bodies – additionally to this point, the City has committed to not extend any of these TIFs beyond 23 years, which was part of the proposal offered to the other taxing bodies at one of the many Joint Review Board meetings. And

I'm sure you all are aware that if nothing happens within seven years the TIF goes away anyway.

- I've also heard that "if any housing is involved, school districts will not receive additional taxes to support any new students without an additional agreement – this is simply NOT TRUE – the City is required, by law, that if any students are generated within a TIF district to provide TIF funds to schools to support that student. The amount eligible for reimbursement depends on the type of school district (normally, the out-of-district tuition). It is the school district's responsibility to provide evidence to support its claim for reimbursement each year.
- We have seen studies provided by the school districts that suggest that areas with TIFs grow at a slower rate than those without TIFs. Those in the academic world will tell you that for every anti-TIF article you can find just as many that are pro-TIF. There are studies that have concluded that school districts with TIF only experienced slow growth if a large portion of the taxes were tied up in TIF. That same study also concluded that school districts with a TIF experienced faster growth in state aid than those without TIF. Another study done in 2008 reviewed 782 of the 896 school districts in Illinois at the time and concluded that TIF has little effect on school district revenues in the collar counties. A lot of this all depends on what tax revenue is collected and whether or not it can be raised.
- While the EAV within the TIFs is frozen, schools do not lose full EAV advantage because the general State aid reimbursement calculation for schools is based on the frozen assessment, meaning any newly created EAV within the TIF would not be counted against the District for determining state aid. General State aid provides each school district with adequate financial resources to reach a minimum level of funding per pupil. The State aid formula provides more State funds to districts with a lower EAV and less state funds to districts with higher EAV. A higher EAV means less state aid available to the districts. This would mean that when a TIF district is created, the taxable EAV is frozen at a fixed level for the duration of the TIF. The frozen amount is then used in the general state aid formula. So while local EAV remains flat or even decreases, the amount of state aid available to the district increases. Now I myself have been as critical of the State as anyone, but payments are beginning to trickle in from the State once again on a regular basis. We have all discussed this many times during the ongoing financial crisis in the State and I think we can all find common ground in saying we need continue to ask the State and our Representatives to ensure that local taxing bodies receive the money we are entitled to from the State in a timely fashion. Assuming the amount of state aid to the school district will increase once a TIF district is in place, the City, as all other taxing bodies should, will continue to push for legislation guaranteeing local taxing bodies receive prompt payments from the State of Illinois.
- This leads me to my next point, we have heard from the school districts that taxes will go up if the City implements a TIF district. The school district, just like the City and every other taxing body in Marengo are all subject to a tax cap, meaning that if a district would like to raise taxes, more than the allowable annual adjustment which is the lesser of the CPI or 5%, it requires a referendum. Even with the tax cap, most taxing bodies, such as the City, levy

the maximum allowable increase be it the CPI or 5% The school districts have stated that because of TIF and the length of time involved with a TIF, they will have no choice but to ask for an increase in taxes. I would ask the districts if the proposed TIFs are the only reason they will pursue a referendum over the next 23 years. The school districts have said “with or without a TIF, there won’t be growth for a long period of time.” I personally do not believe that statement to be true, particularly if we do implement our TIF districts. But given that the school districts have said that over the last few years they have depended on new property tax revenue, which has continued to decline, and as we now hear, “with or without a TIF, there won’t be growth for a long period of time,” that would lead me to believe that with or without a TIF, the school districts will require a referendum in the near future. Because of that, to lay blame solely at the feet of the City and the proposed TIF districts seems a little unfair.

- Hotel or no hotel, the eastern corridor TIF would be moving forward, so the City is not being held hostage as some would have you believe. With or without the hotel, these TIFs are the right move for the City of Marengo. I believe these TIFs to be in the best interest of the City of Marengo. Due to the recent income and corporate tax increases from the State of Illinois it is now more difficult than ever to attract new businesses to Illinois. The City must use all available resources including TIFs to bring sorely needed commercial development to Marengo and give tax payers relief.
- It has been suggested by a Joint Review Board member that because times are tough, now is not the time to use TIF. Let me say this, to do nothing and hope for the best as has been suggested by some is not an acceptable solution to our problems. For too long this City has gone without commercial, retail and industrial growth. The City of Marengo must grow and TIFs have proven to be effective development tools throughout the State. The City wants to expand our commercial tax base so that we can begin to ease the tax burden on our residents. In order to compete with other municipalities in luring new businesses we must take advantage of all economic development tools available to us. Right now there are 12 TIF’s within 8 communities in McHenry County who are able to offer thousands of dollars in incentives to commercial developers. These TIFs exist in communities with greater commercial, retail and industrial bases and areas that are more densely populated than Marengo, such as Cary, Crystal Lake, Huntley, and Woodstock. These cities have grown at great rates over the last decade and yet they still need to provide TIF incentives to lure new development. How can we expect Marengo to compete without offering some sort of incentive?
- I look back on the Downtown and the eastern corridor over the last 23 years and there has not been a lot of change for the better. We have lost businesses, seen stores sit vacant for months and watched buildings “get old.” Meanwhile towns like Harvard have used TIF to bring in commercial development in one area of town while improving their Downtown. Maybe these TIFs area should have developed years ago, during the so called boom period, but the fact is they didn’t and we cannot do anything to change the past. Together we can build a better future.

- The fact is no one can afford to pay for the necessary developments that will be needed to improve this area. Take the eastern corridor; the City, or any potential developer wishing to locate on that property may have to spend hundreds of thousands on demolition and environmental cleanup. Then once that is done, it may take millions of dollars to make water and sewer available to that area. And finally once all that is done, if you can afford the land, there is the matter of construction costs. Why would anyone pay all that, when they can have a pad ready site just across the street, that the only thing you would have to do on is build your building. By the way, if you want to develop on the south side of Route 20, good luck getting a permit from IDOT in less than six months. Now a TIF won't make your life with IDOT any easier, it can help to mitigate the number of other issues with these properties.
- Now look at the Downtown. Everywhere I go I hear the same thing, Mr. Mayor, our Downtown needs help. I'll be the first to tell you, a TIF is not going to be the end of all of the challenges facing the Downtown, but it can certainly be a beginning. This TIF will help build a better Downtown. Like anything else, it will take time to help the Downtown, but we will get there.
- The City has spent a great deal of time and money in working to build a better future for our community with the help of these TIF districts. Just to be clear on this, the City's contract with Ehlers was for \$44,000, not \$50,000 as some would have you believe. And yes, due to the recent challenges we have had to spend additional money on attorney's fees. You will have to ask the other taxing bodies what they have spent.
- I will end on this note. When I ran for Mayor 6 years ago, I ran on a growth platform. Since that time, the economy across our nation has fallen on difficult times. I have to do what I feel is best for the City and what will ultimately help our City grow. Times are changing and we must all adapt to a new reality. We need to create jobs for our residents. We need to put people to work and start generating more sales tax revenue in Marengo. These TIFs will facilitate commercial, retail and perhaps even industrial growth in our community. This type of development has little to no impact on the school districts because these types of uses do not generate school children. What these uses do generate is jobs for our residents. With unemployment being what it is in the County, we need to do what we can to help put our residents back to work.
- I know I've said a lot here tonight, but I felt it was important to clear the air on this TIF matter. I thank you for listening and hope you now will have a better understanding of what has truly transpired over the last several months. With that being said, I would ask that we now vote on this matter.